

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**JUNE 29, 2000**

**IN RE:**

**SPRINT COMMUNICATIONS COMPANY, L.P.  
TARIFF TO FLOW THROUGH ACCESS SAVINGS**

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**DOCKET NO. 99-00592**

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**ORDER APPROVING TARIFF**

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This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on September 28, 1999 for consideration of Tariff No. 99-00592 (the "Tariff") filed by Sprint Communications Company, L.P. ("Sprint") to flow through access savings. Sprint filed the Tariff with the Authority on August 13, 1999, with a proposed effective date of September 15, 1999.

As a result of access reductions made by BellSouth on April 1 and July 1, 1999, interexchange carriers ("IXCs") are required to flow through their respective portions of access savings to Direct Distance Dialing ("DDD") services pursuant to Authority Rule 1220-4-2-.55(2) (the "IXC Rule"). On April 30, 1999, Sprint filed Tariff No. 99-00329 to flow through its access savings of \$651,000. In an Order dated July 2, 1999, the Authority approved DDD rate deductions totaling \$188,000, but denied Sprint's proposal to "repackage" services for the remainder of the reduction totaling \$463,000. Further, the Directors voted unanimously to direct Sprint to fully comply with the IXC Rule by filing a tariff to flow through an additional \$463,000 in DDD service rate reductions by July 1,

1999.<sup>1</sup> Sprint did not file a petition for reconsideration by the Authority or a petition for review in the Court of Appeals.

On July 8, 1999, Sprint filed its Motion for Extension of Time to file the tariff to flow through additional access rate reductions as directed by the Authority. In the Motion, Sprint requested that the deadline to file the tariff be extended to August 15, 1999. Sprint also stated in the Motion that the cost of the delay from July 1 to August 15 would be calculated and recovered in the rate reduction effective August 15, 1999. At a regularly scheduled Authority Conference held on July 27, 1999, the Directors considered Sprint's Motion and granted the requested extension to file a flow through tariff until August 15, 1999.

On August 13, 1999, Sprint filed this Tariff to comply with the Order in Docket No. 99-00329 with an effective date of September 15, 1999. Sprint's filing reduced rates to DDD services by \$533,000. At a regularly scheduled Authority Conference held on September 15, 1999, the Directors voted unanimously to suspend the Tariff from September 15 to September 30, 1999. The Directors considered the Tariff at the Conference held on September 28, 1999. During the Conference, Sprint's representative addressed the Directors' concerns regarding Sprint's representation in the Motion for Extension that a cost calculation for the delay in filing the Tariff from July 1 to August 15 would be included in the Tariff filing and also Sprint's assertion that the tariff in Docket No. 99-00329 contained errors affecting the flow through amount.

In its Motion for Extension, Sprint stated that the cost of the requested delay from July 1 to August 15 would be calculated and recovered in the rate reduction effective

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<sup>1</sup> See TRA Order in Docket No. 99-00329 – Exhibit A.

August 15. Sprint did not include cost calculations for the delay in the tariff filing. The Directors heard comments from Sprint regarding the omitted cost calculations, and Sprint acknowledged that such calculations were not included in the Tariff as filed.

The Directors also addressed Sprint's assertion that the Tariff in Docket No. 99-00329 contained errors and that the access reductions totaled \$286,000 instead of the \$188,000 presented to and approved by the Authority. Sprint maintained that it should be credited for the additional \$98,000 flowed through and further that Sprint should only be required to flow through \$365,000 and not \$463,000 as ordered in Docket No. 99-00329. Sprint did not file a petition for reconsideration with the Authority regarding miscalculations in its original filing. Additionally, Sprint did not appeal the Authority's decision to the Court of Appeals within sixty (60) days of the July 2, 1999 Order pursuant to Tenn. Code Ann. § 4-5-322(b)(1).

After considering the record in this matter and comments from Sprint's representative, the Directors voted unanimously to approve the Tariff as filed, finding that the proposed \$533,000 in DDD service rate reductions satisfies Sprint's obligation under the IXC Rule and the Order in Docket No. 99-00329. Further, the Directors voted unanimously to allow Sprint a credit of \$70,000 to be applied against future flow through calculations.<sup>2</sup>

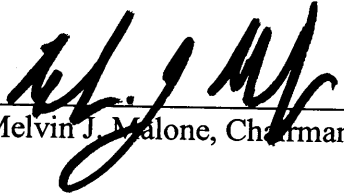
**IT IS THEREFORE ORDERED THAT:**

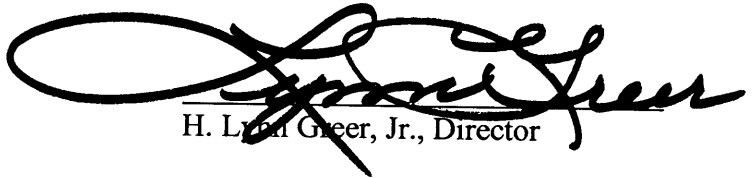
1. Tariff No. 99-00592 as filed by Sprint Communications Company, L.P. on August 13, 1999 is approved.

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<sup>2</sup> \$70,000 = \$57,000 (cost for the delay from July 1 to August 15) + \$13,000 (excess reduction in revenues).

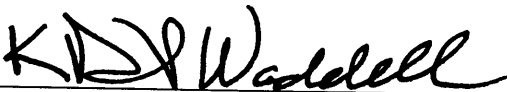
2. Sprint Communications Company, Inc. shall apply a credit of \$70,000 towards future flow through calculations.

  
Melvin J. Malone, Chairman

  
H. Lynn Greer, Jr., Director

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Sara Kyle, Director

ATTEST:

  
K. David Waddell, Executive Secretary

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT**

**NASHVILLE, TENNESSEE**

<b>IN RE:</b>	<b>JULY 2, 1999</b>	)	
		)	<b>DOCKET NO.</b>
<b>SPRINT COMMUNICATIONS COMPANY, L.P.</b>		)	<b>99-00329</b>
<b>TARIFF TO FLOW THROUGH ACCESS RATE</b>		)	
<b>REDUCTION</b>		)	

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**ORDER APPROVING TARIFF AS FILED AND DIRECTING SPRINT  
COMMUNICATIONS COMPANY, L.P. TO FLOW THROUGH AN ADDITIONAL  
\$463,000 IN DDD RATE REDUCTIONS BY JULY 1, 1999**

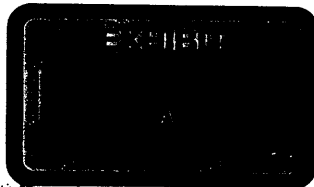
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This matter came before the Tennessee Regulatory Authority ("Authority") at the regularly scheduled Authority Conference held June 22, 1999, for consideration of Tariff 99-00329 (the "Tariff") filed by Petitioner, Sprint Communications Company, L.P. ("Sprint"). Sprint filed the Tariff with the Authority on May 3, 1999, with a proposed effective date of May 1, 1999, to adjust long distance rates in response to certain access rate adjustments made by local exchange companies (the "LECs"). These access charge changes consist of (1) adjustments in switched access rates effective January 1, 1999, resulting from the annual Megacom tariff filings<sup>1</sup> and recovery of the interexchange carrier ("IXC") portion of costs for operating the Tennessee Relay Center;<sup>2</sup> (2) BellSouth Telecommunications, Inc.'s April 1, 1999, reduction in switched access rates and the July 1, 1999, scheduled reduction in switched access rates; and (3) recapture of credit due to Sprint

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<sup>1</sup> Pursuant to the Megacom Order in Tennessee Public Service Commission Docket U-87-7492, LECs are required to make certain annual adjustments to the Carrier Common Line (CCL) rate, a component of access service.

<sup>2</sup> The IXCs' portion of costs for operating the Tennessee Relay Center is recovered through a rate additive to the LECs' terminating CCL rate. Effective January 1, 1999, the rate increased from \$.00179 per minute to \$.00275 per minute.



for a 1997 flow through of access charges.<sup>3</sup> As a duly certified IXC operating in Tennessee, Sprint is required to flow through a portion of the changes in switched access charges through adjustments to its long distance rates for direct distance dialing ("DDD") services. Authority Rule 1220-4-2-.55(2) (the "IXC Rule") provides in part that "[t]he DDD prices and price cap shall be adjusted to reflect any changes in access charges to IXCs."<sup>4</sup>

Pursuant to the IXC Rule, the aforementioned access rate adjustments require Sprint to reduce DDD service rates by a net of \$651,000 per annum. Sprint proposes to flow through access cost savings to DDD customers by (1) reducing DDD service rates by \$188,000; (2) reducing non-DDD service rates by \$64,000; and (3) "repackaging" services for the remainder of the reduction. Sprint's repackaging strategy migrates customers with existing optional calling plans to other existing optional calling services that have lower rates.

The Authority is not opposed to, and even encourages, strategies for repackaging services in an effort to provide consumers with calling plans and rates that best suit consumers' calling patterns. The Authority finds that Sprint's repackaging of services, however, does not satisfy the requirements of the IXC Rule because DDD prices and price cap are not being lowered to reflect the net reduction in access charges. Accordingly, the Authority cannot accept or approve Sprint's repackaging proposal.

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<sup>3</sup> In 1997 Sprint did not flow through an access reduction within thirty (30) days as required by the IXC Rule. In order to flow through the required amount of access savings to customers, Sprint temporarily reduced long distance rates below the prescribed cap for the remainder of 1997. Although Sprint was entitled to increase long distance rates back to the prescribed cap level effective January 1, 1998, it failed to do so. In this filing Sprint seeks to recapture amounts previously charged below the prescribed cap.

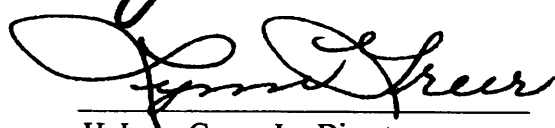
<sup>4</sup> See Rule 1220-4-2-.55(2)(d)(3).


After considering the record in this matter and comments from Sprint's representatives, the Directors unanimously voted to approve the Tariff, finding that the proposed \$188,000 in DDD service rate reductions partially satisfies Sprint's obligation under the IXC Rule to flow through a total of \$651,000 in access cost savings to its DDD customers. Further, the Directors unanimously voted to direct Sprint to fully comply with the IXC Rule by filing a tariff to flow through an additional \$463,000 in DDD service rate reductions by July 1, 1999.

**IT IS THEREFORE ORDERED THAT:**


1. Tariff 99-00329 as filed by Sprint Communications Company, L.P. on May 3, 1999, is approved.
2. Sprint Communications Company, L.P. shall file a tariff to flow through an additional \$463,000 in DDD rate reductions effective July 1, 1999.

  
Melvin I. Malone, Chairman

  
H. Lynn Greer, Jr., Director

  
Sara Kyle, Director

ATTEST:

  
K. David Waddell,  
Executive Secretary